



CITY OF MORGAN HILL

ENCUMBRANCE CHECKLIST MARCH 2003

The following information will be required for approval and completion of any request to refinance your first mortgage or for any additional encumbrance (i.e., second mortgage, equity-line-of-credit, etc.) on your City/Agency-restricted home. These documents need to be provided concurrent with your loan application.

FOR CITY APPROVAL, I will need the following:

1. Written copy of your loan application or commitment letter listing loan terms and conditions including loan amount and interest rate;
2. Copy of Prelim or Title Report;
3. Copy of Appraisal (**may be submitted at a later date**).
4. Payoff amount of all encumbrances (listed separately); _____
5. Amount and purpose of cash out, if any: \$_____ for _____
6. Date escrow is scheduled to close (date aiming): _____
7. Is a subordination agreement required? _____ Yes _____ No
(Routing the subordination for signatures requires a minimum of five working days)

RELEASE of the City/Agency documents will not occur without the following (ref. Item #19):

8. *Statement of Understanding* acknowledging the requirement of recordation, **concurrent with the new deed**, of the City/Agency's *Request for Copy of Notice of Default* (City/Agency will provided); and
9. *Statement of Acknowledgment* certifying that the total encumbrances on said BMR home will not exceed 95% of the home's BMR value; and
10. *Statement of Acknowledgment* certifying that the City's *Resale Agreement* will be no lower than second position, third if obtaining a second mortgage or equity line of credit; and

11. *Statement of Understanding* that recordation of any loan documents which results in any change to current mortgage and/or additional encumbrance(s) on this City/Agency-restricted property without the City/Agency's prior written approval is just cause for the City/Agency to execute and record a Notice of Default; and
12. *Statement of Understanding* that failure of owner, lender/broker and title company to adhere to the City/Agency's *Additional Escrow Instructions*, to be provided under separate cover, is just cause for the City/Agency to execute and record a Notice of Default; and
13. *Statement of Understanding* that processing and completing a request for refinance may take seven to fifteen working days beginning on the day all required information is provided to this office; and
14. *Statement of Understanding* that approval to refinance does not signify approval of any improvements to this City-restricted property. The owner needs to contact Lourdes Balderas, Housing Program Coordinator, to obtaining the City's written approval for any improvements to the home.
15. Provide to this office the name, complete address, telephone number, fax number, escrow number, and escrow officer of the company handling the transaction; and
16. Actual close-of-escrow date: _____ (if known; otherwise date on Page 1 will be used.)
17. Holder of **New** Promissory Note (Lender): _____
18. Return an executed copy of this *Encumbrance Checklist* within three (3) working days of receipt via fax to the attention of Teresa Crue at (408) 778-7869; and
19. **For all the required *Statements* and *Acknowledgments*, lender/broker may initial to the left of each paragraph thereby affirming acknowledgment of said requirement.**

Any questions, concerns or clarification requests need to be directed to Teresa Crue at (408) 776-7373, ext. 449 or via e-mail at cruet@ch.morgan-hill.ca.gov.

Lender/Broker hereby acknowledges receipt of this Checklist and hereby agrees to proceed in strict accordance herewith.

Signature of Lender/Broker: _____ **Date:** _____

Print name and title of signer: _____

Company name of lender/broker: _____